

MIHS Special Health Care District Transition Public Forum

Web site: www.maricopa.gov/mihs2district



Agenda

- **Welcome**
- **Review of Proposed IGA Terms**
 - Purpose of tonight presentation is to obtain public comment
 - Term Sheet represents staff's recommendation
 - Staff was specifically assigned to represent the interests of the District and County
 - Neither the County or District Board has approved the draft Term Sheet
- **Questions are invited throughout session**
 - Written comments may be submitted in "Question Box" or by e-mail via *MIHS2District* web site
 - Written answers will be posted to the web site
- **What's Next**

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Review of Proposed IGA For Public Comment



Overall Approach

- ☞ The overall theory and approach for developing the Inter-Governmental Agreements (“IGA”) reflects the following assumptions:
- ☞ Transfer should be *fair to both the District and the County*, and in the best interests of the citizens and taxpayers of Maricopa County (who are the ultimate stakeholders of both entities).
 - ☞ IGA follows the intent of the Special Health Care District (“SHCD”) enabling legislation to maintain the status quo for Disproportionate Share (“DSH”) payment process involving the State, the County and now the District.
 - ☞ Fair Market Value purchase price or lease rentals will be paid by the District *only* if DSH payments to the County are not made *because of action by the District*.
 - ☞ The District should have adequate working capital to maintain existing operations.

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Assets: Real Property & Buildings

- ✈ All real property and buildings will be transferred to the District for \$1, subject to conditions if a "DSH-triggering event" occurs.
- ✈ All property that is owned outright by the County will be sold to the District. All property that is subject to restrictions (such as the deed restriction on the MMC campus) or debt obligations will be leased to the District.

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Assets: Equipment, Inventory, & Other Property

- ✈ All other property will be transferred to the District for \$1, subject to conditions if a "DSH-triggering event" occurs.

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What is a "DSH Triggering Event"?

- ✍ The enabling statute requires the District to repay the County for amounts withheld by the state for DSH. The IGA is designed to ensure that the intent of the legislation is followed.
- ✍ A "DSH Triggering Event" occurs only if DSH funds that the District has received are not transferred by the District to the County (*up to the amount withheld originally by the state, but not to exceed the amount of DSH funds received by the District*).

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What Happens if a DSH Triggering Event Occurs?

- ✍ Although the assets are being transferred for a \$1, an independent appraisal is being conducted to determine the fair market value.
- ✍ If a DSH Triggering Event occurs, the actual fair market value will be due (again, up to the amount withheld originally by the state, not to exceed the amount of DSH funds received by the District).

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Lease Covenants: Operational Restrictions

The following restriction shall be placed in: (a) all deeds conveying real property from the County to the District, (b) the deed to the Medical Center, and (c) the Medical Center Lease.

“No abortion shall be performed at any facility under the jurisdiction of the District unless such abortion is necessary to save the life of the woman having the abortion.”

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Liabilities: Contract Breach

- ✍ Liabilities that result from a breach of contract that occurred prior to the transfer date will remain County liabilities, while those that result from a breach which occurred after the transfer date will be District liabilities.

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Liabilities: Tort, Personal Injury, and Malpractice, Violations of Law

- ✈ The District will obtain coverage through the County's Self-Insured Trust Fund.
- ✈ District will be responsible for all claims accruing on and after the Transfer Date.
- ✈ The County will be responsible for all claims accruing prior to the Transfer Date.

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Employees

- ✈ All individuals who are employed within Maricopa Health Delivery System as of midnight 12/31/04 will automatically transfer to the District, and retain seniority, merit status, leave balances, and retirement benefits. (See previously approved Employee IGA dated 2/2/04.)

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Purchased Services

- ✍ Health care services are generally purchased at 100% of AHCCCS rates (unless otherwise specified).
- ✍ Health Plan physician services would be purchased off of MIHS (District) contract.
- ✍ Other services may generally be purchased from either party at cost + 5% administration charge.
- ✍ See "Price List."

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Health Plans

- ✍ Due to the severe and continuing financial and operational problems plaguing the Health Plans, the Plans continue to run at a significant loss.
- ✍ Claims system issues continue to make it impossible to properly value outstanding medical claims ("IBNR").
- ✍ Given this, it would not be in the District's best interest to transfer the Health Plans with current assets and liabilities.
- ✍ Transferring only assets would place the County at a significant risk because it would lose control over the staff working to overcome the problems.

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Health Plans

- ✍ Draft IGA include provisions for the delayed transfer of the Maricopa Health Plan (AHCCCS Plan). Minimum criteria for transfer will be identified in the IGA.
- ✍ There are significant legal restrictions on the use of the net earnings from Maricopa Long Term Care Plan. The funds from net earnings of MLTCP may only be used for MLTCP purposes or to offset the County's funding obligations to the Arizona Long Term Care System, making it difficult to determine the best arrangement for MLTCP long term.
- ✍ Regular planning and coordination meetings concerning the Plans between District and County are specified in the IGA.
- ✍ We are in the process of divesting SeniorSelect.

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What's Next?

- ✍ Please submit comments by the 5:00 p.m., Tuesday, September 7th.
- ✍ Comments will be posted to **mihs2district** web site.
- ✍ Our goal is to have the IGA approved in September.
- ✍ Next public forum is scheduled for September 21st.

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